

Training Handout



For Department of Ecology
Water Quality
Loan & Grant Recipients
April 2005

What's New?

Plain Talk Guideline Update

- The Guidelines for FY 2007 are being revised with the help of Plain Talk, a group of Ecology staff that assist in improving documentation for usability.
- Several financial assistance recipients will also be involve by providing input to the document revision.
- Contact Jeff Nejedly at (360) 407-6566 if you are interested in participating in this process or send an e-mail (jnej461@ecy.wa.gov) with suggestions for document improvement.

Quality Assurance Project Plan (QAPP) Guideline Updated

- The revised QAPP guideline (Guidelines for Preparing Quality Assurance Project Plans for Environmental Studies) is available. Pick up a copy here or go to the following web location: <http://www.ecy.wa.gov/biblio/0103003.html>

Negotiated Levels of Technical Assistance (Risk-Based Determination)

- This policy/procedure, which addresses recommendations from the state auditor, has been implemented.
- Some recipients will be required to submit payment voucher backup documentation based on certain criteria. Additional technical assistance and/or site visits may also be conducted depending on specific conditions.

FY 2006 Draft Offer List

- The FY 2006 Draft Offer and Applicant List will be issued soon after the Legislature passes a budget for the 2005-07 biennial budget.
- Having the list to the Legislature prior to budget considerations appears to have helped to preserve the list and budget integrity.

Preview of FY 2007 Funding Cycle

- Application period begins September 1, 2005 and ends October 31, 2005.
- All prerequisites are due on October 31, 2005.
- Application workshops will be held across the state within the first two weeks in September.
- Check the Water Quality Program Grants and Loans web site for updates: <http://www.ecy.wa.gov/programs/wq/links/funding.html>

Form D: Contractor Participation

- This form will now need to be completed and submitted with each payment request to meet Minority- and Women-owned Business Enterprise reporting requirements.

Project Highlights

Progress Reports

- Copies submitted to Financial Manager with each pay request, or as set out in agreement. Section 319 progress reports to be submitted semi-annually. Payment requests will be held until progress reports are received.
- Required even if there was no progress to report.
- Issues to report on: work done to date (preferably reported by task), any problems or delays encountered, and how these will be remedied.

Supportive Documentation

- Needs to be kept for each payment request
- Must provide clear audit trail
- May be requested at any time by Financial Manager
- Recommended with initial payment requests
- Needs to include adequate detail to clarify project costs
- May include meeting attendees or volunteers

Scope of Work Changes

- Modifies project tasks, objects, or required performance
- Costs not eligible until agreement is signed
- Requests must be in writing to the Ecology Project Manager
- Ecology Project Manager works with Financial Manager to develop formal documents

Time Limits

- One year from final offer list to sign agreement
- Work must begin no later than 16 months from date of final offer list.
- Project is to be completed within 5 years from date of final offer list.

Time Extensions

- Request must be in writing (email works) to the Ecology Project Manager stating reason and new completion date. Cc: Financial Manager
- Time extension requests cannot exceed 5 years from date of final offer list. One additional year may be granted if certain criteria are met.
- There are different time extension limitations with 319 grants.

Amendments

- Letter amendments are for insubstantial changes to the agreement (i.e., recipient contact, Ecology financial manager or project manager, budget shifts)
- Formal amendments are used to:
 - account for increases or decreases to the loan or grant agreement;
 - provide additional time for performance;
 - make scope of work changes, or revise required performance requirements

- The recipient initiates the amendment process through a written request to Ecology's project manager.

Project Completion

- End of the project: No additional costs can be incurred
- All required performance submittals are due
- For grants, Ecology sends a notification letter.
- For loans, Ecology prepares and submits a final amendment, including final amortization schedule.

Helpful Web Sites

- For Water Quality Program FY 2005 Guidelines:
 - [**www.ecy.wa.gov/programs/wq**](http://www.ecy.wa.gov/programs/wq) (Click on Grants and Loans)
- For Water Quality Program FY 2006 Guidelines:
 - [**www.ecy.wa.gov/programs/wq**](http://www.ecy.wa.gov/programs/wq) (Click on Grants and Loans)
- For other useful information (such as the Yellow Book, preparing Quality Assurance Project Plans, etc.):
 - [**www.ecy.wa.gov/programs/wq**](http://www.ecy.wa.gov/programs/wq) (Click on Grants and Loans, then click on Useful Funding-Related Links)
- Guidance established by Federal government for developing an indirect rate:
 - [**http://www.whitehouse.gov/omb/circulars/a087/text/a087-all.html**](http://www.whitehouse.gov/omb/circulars/a087/text/a087-all.html)
- Suspension, Debarment, and Other Responsibility Matters (for federally-funded projects):
 - [**http://www.epa.gov/ogd/grants/debarment.htm**](http://www.epa.gov/ogd/grants/debarment.htm)

Ecology Staff Responsibilities

➤ **Ecology's Financial Manager:**

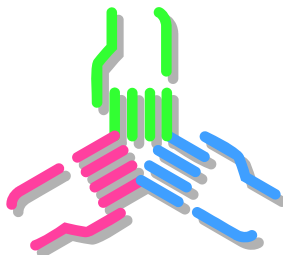
- Assigned to each project
- Located in Lacey Headquarters Office
- Assists with agreement negotiations
- Provides financial support to the recipient
- Completes final agreement
- Completes amendments
- Routes progress reports
- Prepares final amendments and closeout letters
- Processes payment requests

➤ **Ecology's Project Manager:**

- Assigned to each project
- Located in Ecology's Regional Office
- Provides project/technical support
- Serves as day-to-day contact
- Negotiates agreement
- Tracks project performance
- Reviews progress reports
- Negotiates amendments
- Accepts or approves project products

➤ **Ecology's Project Engineer:**

- Involved with certain facilities projects
- Located in Ecology's Regional Office
- Provides engineering support
- Conducts engineering reviews/approvals
- Determines eligibility of project



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*Section Supervisor

**Unit Supervisor

How to use the agreement to assist with managing the project...



Grant and Loan Agreements are used for the following:

- * Set the conditions for Ecology's funding participation in a legally binding document
- * List applicable laws, regulations, and statutes
- * List the players for the Recipient and Ecology
- * List the general housekeeping rules i.e. reporting, payment process, phone, fax, e-mail addresses
- * List the detailed project, outcomes, and deliverables
- * Lay out the manner in which money will be budgeted for the project
- * Address General Terms and Conditions and any Special Terms and Conditions outside of the General ones
- * The grant/loan document is the first source for questions regarding the terms and conditions of your agreement
- * Give it a thorough reading in draft form and just before you sign the final document.

1. Offer letter and conditions

- Grant or loan
- Amount
- For loan gives terms and interest
- Special conditions that may need to be addressed in the grant or loan
- Date by which an agreement must be signed in place by all parties {one year from publication of Final Offer List}

2. Post Project Assessment

- Special condition in all grant and loan agreements as of FY 04 requiring:
 - Assistance in assessing project effectiveness,
 - Participation in a survey and interview process, and
 - Determining the effectiveness of the investment
- Project assessment will occur 3-5 years after project completion

3. Budget Types

- Object Level
 - Activity Projects
 - Requires budget amount to be included in each task in the body of the agreement
- Task/Element Level
 - Facility Projects use elements and will include columns for:
 - Total Project Cost
 - Total Eligible Cost
 - Total Maximum Grant or Loan cost {Limits set by guidelines for types of projects}
- Grant/Loan Amount
- Match Amount
 - Cash
 - Interlocal
 - In-kind

4. SERP (State Environmental Review Process) for facility projects

- Required for facility plan approval
- Must comply with SEPA (State Environmental Policy Act) and NEPA (National Environmental Policy Act)
- Must complete an SRF Environmental Checklist and a SEPA Environmental Checklist
- Involved process which will require the guidance of Ecology's regional engineer assigned to the project.

5. Scope of Work

- Includes specific details of work to be done
- Includes deliverables

6. Special Terms and Conditions:

- Section of agreement that specifies terms and conditions of the agreement that are outside of the ordinary or are a modification of a general term or condition

7. General Terms and Conditions:

- Standard to all agreements
- Addresses in part:
 - Recipient Performance
 - Contracting for services
 - Compliance with all laws
 - Audits and Inspections
 - Performance Reporting
 - Compensation

8. Debarment and Suspension

- Executive Order 12549 Debarment & Suspension
- Forms must be signed by Recipient, prime, and subcontractors
- For federal funded grants and loans {SRF & 319}

9. Interlocal Agreements

- Chapter 39.34 RCW Interlocal Cooperation Act
- Terms of interlocal agreement are stated in the grant tasks
- Copy of agreement sent to Ecology

10. Consultant Contracts:

- All applicable requirements have been satisfied in the procurement of professional services and eligible and ineligible costs are separated and identifiable
- For facilities projects procured under Chapter 39.80 RCW Contracts for Architectural and Engineering Services
- Copy of final contract sent to Ecology for files

11. Loan Security

- Secured by General Obligation payable from annual *ad valorem* taxes to be levied on all of the taxable property within the boundaries of the RECIPIENT.
- Secured by the net revenue of the utility.
- If applicable, secured by assessments in a ULID.
- For revenue-secured debt with terms greater than five years, a reserve fund equivalent to at least the average annul debt service on the loan during the first five years of the repayment period of the loan.
- Comprehensive insurance coverage must be maintained on all projects in amounts equal to the funds disbursed.

12. Authorizing Ordinance or Resolution

- Recipients must provide an authorizing ordinance or resolution regarding the loan agreement that is signed by the governing board or council to the effect that the respective public body accepts its responsibilities to repay the loan and abide by other provisions of the agreement. (Attachment 3 of the loan agreement)

13. Opinion of Recipient's Legal Counsel

- Recipients must provide a statement from legal counsel regarding the recipient's ability to enter into the conditions as given in the loan agreement (Attachment 4 of the loan agreement)

14. Project Completion Date (Expiration Date for Grants)

- Last Date Costs can be incurred.
- Scope of Work to be completed.

15. Initiation of Operation Date (facilities construction projects only)

- The actual date the facility initiates operation and is being used for its intended purpose.

- This date may occur prior to final inspection and will be determined by Ecology after consultation with the recipient.
- This date may be the same as or earlier than the date of project completion.

16. Loan Repayment

- There is no restriction or penalty for early loan repayment.
- Semi-annual loan repayment begins one year after the project completion date or initiation of operation date, or five years from 1st disbursement, whichever comes first.
- Estimated repayment (amortization) schedule is included with loan agreement (Attachment 8) and all amendments.
- Final amortization schedule is included in the final loan amendment which includes:
 - actual project completion or initiation of operation date
 - final loan amount
 - any accrued interest
 - semi-annual repayment schedule



Eligible Project Costs...

Why are some costs eligible and others not?

Direct vs. Indirect (Overhead)

- Direct Cost – A cost that can be identified specifically with a particular task or objective of the project.
- Overhead Cost – A cost which is incurred for a common or joint purpose.
- An indirect rate, limited to a maximum of 25 percent of salaries and benefits, may be used to cover overhead costs.
- If the recipient does not have an established indirect rate, the rate established in the “Yellow Book” on pages 24 and 25 may be used.

General Eligibility Test

- Is the cost consistent with federal or state eligibility requirements?
- Does the cost satisfy the agreement scope of work and General Terms and Conditions?
- Is the cost eligible per the applicable funding program guidelines?
- Is the cost allowable per the “Yellow Book”?
- If you have any questions, contact your Financial Manager.



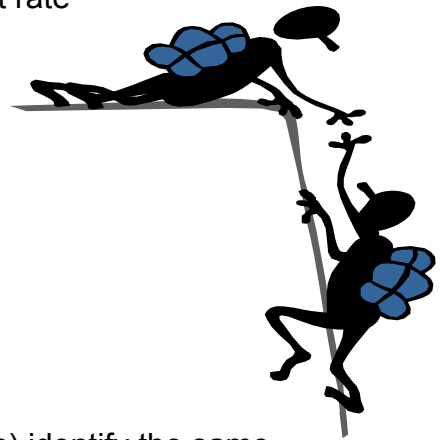
Grant Match... What is it?

Cash Expenditures –Any funds paid in cash or check by the recipient for project work.

Interlocal Contributions – Any funds paid in cash or check by another entity with whom the recipient has signed an agreement following RCW 39.34 Interlocal Cooperation Act.

In-kind Contributions – Time and/or materials contributed to the project by a third party without direct monetary compensation.

- | | |
|-------------------------|---|
| • Adults: | \$15.00 per hour |
| • Children (under 18): | Washington State minimum wage at the time the service is provided |
| • Third Party Employer: | Prevailing wage |
| • Materials: | Valued at fair market rate |



Using Loans to Match Grants

- Loan funds can be used to match most grants.
- Hardship grants require SRF loan match.

Using Grants to Match Grants

- Only allowed when the project scopes of work (for both) identify the same required performance.
- The match is tracked as an in-kind contribution.

Federal Money Matching 319 Grants

- EPA currently allows 319 recipients to use federal money to match 319 grants.

Donations

- Hard donations – becomes an asset to recipient. Has an associated cash value for its use. It is counted as a cash expense.

- Soft donations – go directly to project. No monetary exchange has occurred. It is counted as in-kind.

Documentation of Costs

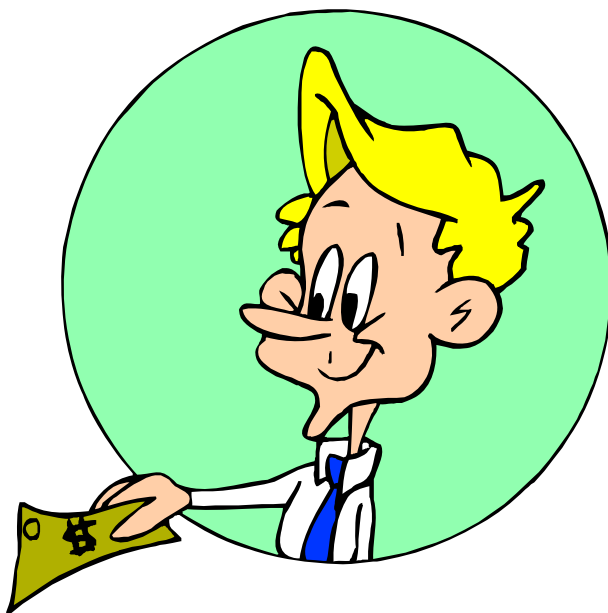
- All match must be documented
- Interlocal costs need to be identified in a formal agreement (interlocal, interagency, memorandum of understanding, etc.)

How Do I Get My Money? (Payment Processing)

Turn in all applicable forms for your funding source (Hint: your funding source is noted in section I. for grant agreements & section IV. for loans.)

Forms

Funding Source	A	B	C	D	G
Centennial Grant	√	√	√	√	√
Centennial Loan	√	√	√	√	√
Section 319 Grant	√	√	√	√	
State Revolving Fund Loan	√	√	√	√	
Aquatic Weeds	√	√	√	√	



Reimbursement Forms



- When requesting payment from Ecology you will be required to submit a billing package from among the following forms:
- A19-1A State of Washington INVOICE VOUCHER
 - This form is the cover sheet for the reimbursement package and is required for all payment requests you will make to Ecology. On it you will provide the following:
 - The official payee
 - An authorized original signature certifying all costs being billed
 - An official contact and telephone number
 - The effective date and expiration date of the agreement
 - The billing period
 - Ecology's share of the agreement
 - Cumulative amount billed to date to the agreement including the current amount
 - The previous cumulative amount billed to date
 - The current request amount for this billing
 - The balance of the agreement remaining after this payment request
- FORM B1 (page 1): RUNNING BUDGET SUMMARY for PROJECTS with INTERLOCAL COSTS and/or OTHER IN-KIND
 - This form will be used when documenting expenditures including cash, interlocal, and in-kind costs.
- FORM B1 (page 2) COMPUTE ELIGIBLE COSTS AND FUND AMOUNTS

- This form is a work sheet which will help you to determine your current eligible amount to request for reimbursement.
- **FORM B2: RUNNING BUDGET SUMMARY for PROJECTS with CASH EXPENDITURES ONLY**
 - This form will be used when your match for the agreement will be cash only i.e. will not include interlocal or in-kind costs.
- **FORM C1: VOUCHER SUPPORT for PROJECTS with INTERLOCAL COSTS or OTHER IN-KIND**
 - This form will be used to report costs on an invoice by invoice basis for the current request period and allows for reporting of interlocal and in-kind expenditures
 - This form will accompany FORM B1
- **FORM C2: VOUCHER SUPPORT for CASH EXPENDITURES ONLY**
 - This form will be used to report costs on an invoice by invoice basis for the current request period and is used for cash expenditures only
 - This form will accompany FORM B2
- **FORM D: CONTRACTOR PARTICIPATION REPORT**
 - The Contractor Participation Report is required in order to provide information for OMWBE. It must accompany every payment request, regardless if there was participation or not.
- **FORM E: MONTHLY TIME SHEET**
 - Unless you have your own time sheet which provides the required information, this form must be completed by each individual who provides services to the project. This includes recipient employees, volunteers and employees of a third party.
- **FORM F: RECORD OF MEETING ATTENDANCE**
 - This form is required for all meetings where volunteer hours are claimed as in-kind contributions. You are to ensure that each individual signs the form. You must then total the hours, multiply the total hours by \$15.00 to obtain the total in-kind contribution for the meeting, and enter the total contribution on form C1/C2 under the appropriate budget element.
- **FORM G: SALES AND USE TAX REPORT**
 - Lists items on which sales tax was paid. The sales tax is then determined internally and credited back to the Ecology fund.

- **FORM H. CONVERSION TO A COMPOSITE HOURLY BILLING RATE FOR AN EMPLOYEE**
 - This form is used to convert salaries to hourly wages. It is not required to be submitted with each payment request, but may be used as a worksheet.
- **FORM J: CASH FLOW PROJECTION**
 - In order to ensure that funding is available to cover the needs of all recipients in a timely manner, Financial Managers may periodically request that you provide estimates of your cash flow requirements on a Cash Flow Projections form. Cash flow projections should provide your best estimate of future payment requests by fund and by month. This information is relayed to the Ecology Budget section on a quarterly basis by Financial Managers.
- **FORM I: VALUATION OF DONATED PROPERTY**
 - When no invoice is provided by a contributor, this form is used to document the value of donated supplies, donated property, and loaned equipment or space. It may be required by Ecology program guidelines as back-up documentation for an in-kind contribution of property.

How Can I Get These Forms And What Do I Do With Them?

- Blank Forms can be found on **pages F1-F25** of the yellow book. However, these forms can be requested in an electronic format from your financial manager.
- Starting on page F-15, forms E,F,H,I &J are optional and will only be requested on a case-by-case basis.
- **Pages A3-A23** of the yellow book provide voucher examples.
- Complete forms in a reverse alphabetical order (e.g. G,D,C,B,A)
- Follow the instructions on the back of each form.
- Send completed requests to your financial manager, along with a progress report, if one is due.
- Submit payment requests quarterly, or as outlined in the agreement; but no more often than once per month.
- Call your financial manager if you have questions about a payment.

How Do I Fill Out The Forms?

